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EXTENT OF PROFIT-SHARING IN THE UNITED STATES; ITS BEARING ON INDUSTRIAL UNREST

The intensity of the industrial unrest of the last decade brought in its train numerous analyses of its principal causes. Among these the matter of the relatively low incomes of the working classes seems to rank first and foremost. To augment the workers' earnings without seriously disturbing the regular run of trade and industry has become the desideratum of students of labor questions, statesmen, philanthropists, and employers. In the opinion of a considerable number of such public-spirited citizens profit-sharing furnishes one of the least costly and most effective methods of achieving the desired result.

A question as to the meaning of profit-sharing immediately arises. The term profit-sharing has been extended in popular usage to include numerous gain-sharing or bonus schemes the essential character of which places them outside of a correct interpretation of the term. Many of the schemes known as profit-sharing systems, although providing some supplementary remuneration to the regular earnings of the beneficiaries, do not bear any direct relation to the actual earnings of the enterprise and cannot, therefore, be classified as involving the principle of profit-sharing in the proper sense of the term. As a matter of fact, very few of the methods adopted by American employers for the purpose of augmenting the ordinary earnings of their employees can properly be called profit-sharing as defined by the International Co-operative Congresses.¹

¹ The term "profit-sharing," strictly speaking, was defined by the International Co-operative Congress, held in Paris, France, 1889, as "an agreement freely entered into, by which the employees receive a share, fixed in advance, of the profits." The same congress defined the term "agreement" as covering, "not only agreements binding in law, but as including also cases where the agreement is only a moral obligation, provided it is honorably carried out." The term "profit" is to mean "the actual net balance or gain realized by the operations of the undertaking." A "share" is stated to be "a sum paid to the employee out of the profits," such share to be "dependent upon the amount of the profits." The share given to the employee "shall not be indeterminate," that is, "it must not be a share which an employer fixes, at the end of some period, at his absolute discretion, as distinguished from a prearranged basis."

Before proceeding any farther it is necessary to define exactly what in the following article is meant by the term. The understanding of the writer is that profit-sharing, in order to be genuine, must contain the following elements: (1) aggregates to be distributed to the participants, or individual shares, are to depend principally upon the earnings of the business; (2) the proportion of the earnings to be distributed is to be definitely determined in advance; (3) benefits of the scheme are to extend to at least one-third of the ordinary wage- or salary-earning employees. The formulated definition, although less rigid than that of the Co-operative Congresses, excludes from the category of profit-sharing all schemes under which bonuses based upon individual efficiency are paid, usually associated with the various phases of scientific management. It further eliminates from consideration actual profit-sharing schemes the benefits of which are limited to a selected few of the better-paid executive or supervisory employees.

Different reformers, some students of industrial problems, as well as employers, have frequently addressed themselves to a consideration of profit-sharing with enthusiasm and hope. Profit-sharing, in the opinion of President Emeritus Eliot, of Harvard, may furnish one of the principal means for a satisfactory solution of the industrial strife of our present day.¹ The effectiveness of such schemes in minimizing class conflicts, however, has never been appraised. Following the publication of the latest edition of Gilman's *Profit-Sharing between Employer and Employee* in 1896, no comprehensive survey of the extent of genuine profit-sharing in the United States was made until recently. Such a survey now appears in one of the publications of the United States Bureau of Labor Statistics.²

The precise nature of this report may be inferred from the

The relative proportion of the total working force of a concern that must share in the profits in order to establish real profit-sharing conditions was stated to be "not less than 75 per cent." (*Bulletin de la participation aux bénéfices* [Paris, Tome XIX, 1897], pp. 220-22, cited by D. F. Schloss, *Methods of Industrial Remuneration* [London, 1898], chap. xvii.)

¹ Charles W. Eliot, "Profit-Sharing," in *Profit-Sharing and Scientific Management* (four addresses. Boston: Efficiency Society of New England, 1914), pp. 3-9; also "The Road to Industrial Peace," *The Nation's Business* (August, 1917), p. 16.

² Bulletin 208, *Profit-Sharing in the United States*.

fact that in the course of its preparation all profit-sharing plants known to have been in existence were visited for the purpose of examining carefully the nature of the schemes in operation, their objects, and the results achieved. This study reveals the fact that there are at the present time in operation in the United States sixty genuine profit-sharing plans. The number of employees employed under profit-sharing agreements does not exceed thirty thousand—an insignificantly small group when compared with the total wage-earning population of the country.

The existing profit-sharing plans are of comparatively recent origin, only seven of them—or about one-ninth—having been established prior to 1900. Twenty-nine—or almost one-half—have been established since 1911. Over two-thirds have been in operation less than ten years. Of the latter group, twenty-one, or about one-third of all, were put into effect in 1914, 1915, and 1916.¹ Over six-tenths of the profit-sharing establishments are located in three states—Massachusetts, New York, and Ohio—and more than one-half of them are in the North Atlantic section of the country.² The size of the twenty-eight profit-sharing establishments as indicated by the average number employed during a representative period reveals the fact that more than seven-tenths of those reporting employed less than 300 people and that only slightly over 10 per cent employed one thousand or more.³ Of the thirty-seven establishments reporting the proportion of the total employed who participated in the distributed profits, nineteen, or 51.4 per cent, reported 80 per cent and over participating; thirteen, or 35.1 per cent, reported 60 to 80 per cent participating; four, or 10.8 per cent, reported 40 to 60 per cent participating; and only one reported 20 to 40 per cent of all the employees sharing in the profits.⁴

In nine-tenths of the plans the principal prerequisite for participation is the permanency of affiliation with the employing company, as shown by a specific length of continuous service. The minimum of continuous service required varies from three months to three years, the length of time specified in more than one-half of all the plans being one year or less. Thus practically all the

¹ Bulletin 208, p. 17.

² *Ibid.*, p. 18.

³ *Ibid.*

⁴ *Ibid.*, p. 19.

plans exclude from participation the so-called shifting part of their working organization, confining the benefits to their more or less permanent employees. In about one-eighth of the plans in operation employees, in order to participate, are required to file a written application especially provided for that purpose. Such applications are usually perfunctory statements signed by the employees to the effect that they promise to do faithful work and be loyal to the company. In one instance employees obligate themselves contractually to share in the possible losses of the year's business in proportion to their earnings, but not to exceed 10 per cent. Under this plan 10 per cent of the weekly earnings of each of the participating employees is retained by the company until the end of the distribution period, when the amounts thus retained are returned to the employees together with their share of profits for the year. In the great majority of the plans studied the basis for computing individual shares is relatively simple—namely, the amount of earnings of the participants. The individual shares in such instances are determined by dividing the employees' part in the divisible fund by the aggregate of wages of the participants in order to obtain what is usually called the profit-sharing dividend and then multiplying this dividend by the respective earnings of each of the participants.

In all of the plans except one, discharge and leaving employment act automatically as causes for forfeiting the share of profits for the current year. Under one plan, only a discharge for cause results in forfeiture; other discharges, being more in the nature of permanent lay-offs on account of lack of work, do not deprive employees of their proportionate share of the profits. Some of the plans under which shares of profits are paid in stock or in the form of savings accounts penalize those leaving employment more severely than those who are discharged, it being specified in these instances that those leaving forfeit some part of the share of the profits of the previous year—usually from one-fifth to one-third—in addition to the share of the current year's profit. The provision that death shall be a cause of forfeiture occurs only in about one-half of the plans; in the other plans it is specified that the pro rata share of the deceased employee shall be paid to his family or dependents.

In profit-sharing plans under which the shares of profits constitute some proportion of the dividends paid on capital the amounts of forfeited shares are usually retained by the employer. In other plans the amounts forfeited do not revert to the employer, but are apportioned instead among the participating employees.

The majority of plans in operation specifically provide that employees temporarily laid off but otherwise eligible to participate and ready to return to work upon call be not barred from participation. Their shares in such instances are based on their actual earnings. In one-third of the plans cases of lay-off are treated "each upon its own merits." The same treatment as that of employees laid off is accorded to those taken sick, provided the sickness does not extend "over an unreasonably long period"—usually not over six months. Under one plan only is it specifically stated that sickness of an employee carries with it a forfeiture of his share of the profits. In this instance, however, the company maintains a special fund for the benefit of its sick employees.

Under thirty-two plans or more than three-fourths of those reporting, the shares in profits were paid fully in cash. Five reported as paying in "part stock or savings account or common fund and part cash." Of these the following proportions were paid in cash: one, 99 per cent; one, 90 per cent; one, 85 per cent; one, 80 per cent; and one, 10 per cent. Under two plans the shares of profits were credited to a common fund, which was utilized for the accumulation of a pension reserve which was to be made up in equal parts of the shares of profits and contributions by the employees.

The benefits accruing to the participating employees as a result of the operation of the profit-sharing plans during one representative distribution period, in terms of a percentage of the regular earnings of participants, are shown in the table on page 1024.

Under almost one-third of the plans the profit-sharing dividend on the regular earnings of the participants was less than 6 per cent. Slightly over one-third of the establishments paid dividends varying from 6 to 10 per cent. The remaining third of the

establishments paid dividends of 10 per cent or more. Of the latter, five establishments paid profit-sharing dividends of 20 per cent or more.¹

**PERCENTAGE OF REGULAR EARNINGS RECEIVED AS
SHARE OF PROFITS IN THIRTY-FOUR PROFIT-
SHARING ESTABLISHMENTS**

Classified Percentage of Earnings Received as Share of Profits	Number of Establishments
Under 2	1
2 and under 4	6
4 and under 6	4
6 and under 8	7
8 and under 10	5
10 and under 15	5
15 and under 20	1
20 and under 30	1
30 and under 40	2
40 and under 50	1
50 and over	<u>1</u>
Total	34

Three main reasons may be presented as accounting for the relatively low profit-sharing dividends paid under the plans. They are: (1) the small proportions of their net profits that employers are ready to share; (2) the rather large numbers of beneficiaries; and (3) the method used in some of the plans in determining the relative interests of employer and employees in the divisible fund. The last-mentioned reason is the least apparent and needs a brief explanation. In the plans under which the method of distribution explains the low profit-sharing dividends it is usually provided that net profits set aside for distribution are to be apportioned between employer and employees "in proportion to their respective interests." The employer, who is invariably the formulator of the scheme, usually assumes that his interest in the divisible fund is represented by the amount of his capital, while that of the employees can best be measured by the labor pay-roll. Aside from the fact that this assumption is unsound—the earning power of capital rather than

¹ Bulletin 208, p. 19.

its amount being more analogous, if at all comparable, to the labor pay-roll—this method of determination of relative interests results in a distribution of the fund in a ratio of at least three to one in favor of capital, for the reason that the annual cost of labor seldom exceeds one-fourth of the amount of capital invested. That the method of determining the relative interests of the participants is largely responsible for the low dividends paid may more clearly be seen from the fact that the only profit-sharing establishment in the United States—moderately successful—that has been paying considerable profit-sharing dividends (an average of 85 per cent for the period 1907–16) based its relative-interest theory upon the earning power of capital instead of its amount. As a result of this, distributions were made at the ratio of about three to one in favor of labor. A computation based upon actual figures shows that had the usually prevailing notion of relative interests been applied in this establishment the distribution ratio would have been quite different, viz., five to one, and in favor of capital.¹

From a study based upon the facts and figures found in the recent report of the Federal Bureau of Labor Statistics, supplemented by personal observations, the following conclusions may be drawn:

1. Almost seven-tenths of the profit-sharing plans examined by the mentioned report of the Bureau of Labor Statistics yielded to the beneficiaries an annual augmentation of their earnings of less than 10 per cent. Therefore, if labor difficulties are to be solved through considerable augmentations of the incomes of the employees, profit-sharing, as it stands at the present time, will not do it. No one at all familiar with the nature of the present-day wage conflicts can possibly venture the opinion that even an all-around wage increase of 10 per cent will contribute materially toward the establishment of industrial peace and the creation of a general harmony of interests.

2. If, again, industrial peace is to be brought about by a better understanding between employer and employees and the development of mutual confidence based upon some degree of democratization of industry, profit-sharing, in its present form at least, can

¹ *Ibid.*, pp. 37–44.

hardly render any appreciable assistance. The profit-sharing employer is just as keen about his traditional prerogatives to hire and fire and to run his business regardless of the opinion of his employees as his non-profit-sharing confrères. Trade unionism and collective bargaining are no more popular in profit-sharing establishments than elsewhere. In fact, no profit-sharing firm is known to have in operation any system of collective bargaining or of definitely established friendly relations with trade unions. In this connection it may be of interest to observe that one of the oldest, most widely known, and successful profit-sharing employers specifically excludes from the benefits of his scheme certain groups of his employees who through unionization have raised their rates of wages "to an unusually high point," on the theory (taught him by experience) that "good union men are, as a rule, poor co-operators." On the contrary, instead of evoking good will, profit-sharing, on account of its arbitrary character under which employers unconditionally reserve to themselves the privilege to discontinue or modify the entire arrangement, is a rather potent breeder of suspicion and distrust.

Although substantially agreeing that their plans have greatly improved their relations with the employees and contributed considerably to the stabilization of their working force, profit-sharing employers disagree greatly as to the results achieved with reference to increasing the individual or collective efficiency of the participating employees. Only three out of sixty stated definitely that increased efficiency has resulted; and these have paid unusually high profit-sharing dividends to their employees in the past. Aside from profit-sharing employers, neither employees nor employers have any confidence in profit-sharing. As far as the former can give expression to their opinions, they have put themselves on record as opposed to it.¹ This attitude of employees toward such schemes is usually explained by the fact that, in the opinion of their leaders, profit-sharing plans have an inevitable tendency to hinder the development of trade unionism and collective bargaining.

¹ For opinions of representative labor men see *Profit-Sharing by American Employers* (report issued in 1916 by the Welfare Department of the National Civic Federation), pp. 233-43.

Labor leaders are of the opinion that these schemes make increased earnings uncertain, contingent wholly upon employers' profits and payable only "at their own sweet will." An informant belonging to a labor organization explained his opposition to profit-sharing on the ground that "there is no sense in playing a game the rules and regulations of which are formed without the consent of one of the principal parties concerned, such rules, furthermore, being subject to change at any time without common consent." Workmen, he said, prefer unqualified increases in wages to a problematical share in the employers' enterprises in the management of which they do not partake. Employees, furthermore, have no faith in profit-sharing, because under only one of the plans in existence are they granted the privilege of inspecting the books of the employer in order to convince themselves that the full share due them has been distributed. Suspicion is further augmented because under a majority of the plans the prospective beneficiaries are not even given an inkling as to the specific proportion of the profits that their employers are willing to share. What is there then, employees repeatedly say, to prevent an unscrupulous employer from juggling his profit-and-loss account in order to avoid the payment of the promised benefits?

The attitude of profit-sharing employees toward such schemes is interesting and instructive. As a rule, this attitude varies with the nature of the position held by the informant and with his general views on industrial questions. In all, three distinct attitudes were observed, to wit, complete approval, absolute condemnation, and a general indifference which took profit-sharing as a matter of course. Profit-sharing employees who hold well-paid supervisory or executive positions were definitely in favor of the plans. To this small group of participants the scheme appeared to be an actual realization of a state of community of interest between employer and employee. Among the bulk of the ordinary wage-earners two distinct opinions prevailed. If the informant happened to be a member of a trade union or was an ardent believer in organized labor and collective bargaining, his opinion on profit-sharing was analogous to those of the labor representatives cited above—viz., absolute disapproval of the scheme irrespective of the benefits that

might accrue to the participants. To informants of this group the profit-sharing plan was a carefully planned attempt on the part of the employer to stimulate production, forestalling at the same time the possibility of collective demands for higher wages and better conditions of employment. The proportion of participating employees that expressed this opinion was not very large, and constituted, perhaps, not more than one-fifth of those interviewed. The attitude of the great majority of the participating employees was one of general indifference. Profit distributions were taken as a matter of course, were expected, and were relied upon in the balancing of their income and expenditure accounts. The employers' motives were not questioned as long as distributions continued at regular intervals. If, however, the shares paid grew less or their distribution irregular, suspicion was engendered and dissatisfaction with the scheme aroused.

The profit-sharing field is rather unique in the sense that under its arrangements additional duties carry with them no new rights. Under most of such schemes the employees are constantly reminded of the fact that they are no longer mere employees, that they are partners in the business and are therefore expected to conduct themselves as such—to avoid any moves or acts, such as requests for better conditions and higher wages, that will inconvenience the business. These new duties, however, involve no established rights to benefits, for each of the schemes specifically reserves to the employer the right to (1) determine which of the employed shall participate, and under what conditions they may do so, (2) to hire and fire at pleasure, and (3) to discontinue or modify the entire arrangement without notice or consent of the employees.¹ Legally, shares in profits thus become mere gratuities which the employer may or may not dispense.²

¹ Commenting upon a certain pension scheme under which the annuity allowances to be granted are expressly described as not a "right" of employees, *Babson's Confidential Labor Bulletin*, L-83, August, 1917, says: "We do not believe, though, that a plan of this kind meets the demands of labor in these days or is quite in tune with the spirit of the age. If we are not mistaken, there is a growing demand among workers for a recognition of rights over and above wages. Clients should not expect a plan of this kind to exercise any influence on radical employees."

² For a detailed discussion of the legal status of profit-sharing, see Bulletin 208, p. 6.

That profit-sharing is not popular with employers may easily be inferred from the little headway that such wage schemes have made in the United States as well as from the very small number of employees working under profit-sharing conditions. Employers have but little faith in profit-sharing because they cannot see how distributions made upon any other basis than that of individual efficiency can possibly contribute to the augmentation of their profits.¹ Considered as a direct stimulus to efficiency, real profit-sharing cannot possibly succeed, because, under it, individual shares are to bear no direct relation to anything but the earnings of the business. Again, some employers feel that from a strictly equitable viewpoint employees admitted to participation in the profits are morally bound to be willing to share in the possible losses of the business. Unfortunately, aside from the fact that ordinary workers do not earn enough to maintain a satisfactory standard of living²—much less to assist employers in meeting business losses—one may appropriately doubt the wisdom or even the desirability of asking anyone to share in the losses of an enterprise the management of which was to him a sort of *terra incognita*—a sphere absolutely outside of his legitimate jurisdiction, or even inquiry.³

The degree of effectiveness of these schemes depends directly upon the amount of benefits accruing to the participants. These benefits have been rather small, equivalent in many instances to less than what ordinarily grateful employers in thousands of establishments are in the habit of distributing as Christmas gifts in the form of cash bonuses, "gold pieces," and turkeys. Profit-sharing does not even succeed in evoking any of the stimuli to efficiency that Christmas gifts usually do—perfunctory "thank you" and some additional good will to last until after New Year's Day. On the contrary, no matter how large or small the amounts distributed may be, the one-sidedness of the arrangement and its absolute

¹ The desire for increased profits, and not philanthropy, was responsible for the origin of most of these schemes. *Ibid.*, p. 170.

² Cf. *Conditions of Labor in American Industries*, by W. Jett Lauck and Edgar Sydenstricker (New York, 1917), pp. 357-63.

³ The same argument could, of course, be advanced against participation in the profits by employees who do not directly assist in the management of the business.

control by the employer make the participants feel suspicious lest they do not get all they should. For entirely different reasons this feeling of dissatisfaction and lack of confidence in the value of the scheme appears also in the mind of the employer. Somehow or other he cannot help feeling that from the point of view of greater profits more satisfactory results could be obtained with less pretense and annoyance, through improvements in working conditions and increases in wages based upon the payment of bonuses for individual efficiency.

What then is, after all, the *raison d'être* of the existing profit-sharing schemes, few though they may be? To this question the following answers may be suggested:

1. The advertising value of the schemes, the very name of which is high-sounding and appeals to the popular mind. The advertising value of profit-sharing, it was said, was particularly great in mercantile establishments which cater to the trade of working people, such as grocery and department stores and mercantile institutions selling their goods on the instalment plan. Managers of two such establishments were certain of the beneficial value of their profit-sharing plan in this respect.

2. The nature of some business organizations under which it is difficult to correlate directly individual efficiency with its corresponding reward. The value of this factor to the employer was clearly brought out by the vice-president of the Executives' Club of Detroit in an article entitled, "Where Profit-Sharing Fails and Where It Succeeds." The author says: "Considered merely as a stimulus to increased production and greater net gain, profit-sharing is of particular value in plants where (1) individual efficiency cannot yet be exactly measured, or where (2) much work is done far away from supervision, or where (3) longevity of service is necessary to preserve the quality of the product or to guard trade secrets, or where (4) a supplement to the wage system promoting individual efficiency is needed to minimize plant waste."¹

3. The effect of the schemes upon the labor turnover. Profit-sharing, particularly in the establishments in which the business is prospering and in which distributions are made at regular

¹ *System Magazine*, March, 1916.

intervals, does seem to have a beneficial influence upon the stability of the organization. One profit-sharing employer, who made a very careful study of the effect of his plan, describes this effect as follows: "It [profit-sharing] works precisely like an increase in wages, but is more valuable because the employee, in order to receive his share, has to wait till the end of the distribution period, a fact that makes him hesitate before quitting, which would naturally involve the forfeiting of his share in the profits."

4. The momentum of some of the older plans which makes profit-sharing a sort of a tradition which is difficult to abandon.

5. The sense of social justice of some employers. To this factor is due the existence of three profit-sharing schemes the principal object of which was stated to be "an equitable distribution of the profits of the undertaking, as a matter of justice, irrespective altogether of hopes for increased efficiency."

6. The belief of some employers that profit-sharing will develop good will, diminish industrial strife, and stimulate efficiency, obviating at the same time, perhaps, the necessity of granting increases in wages.

An examination of the causes specified by employers as having been responsible for the abandonment of profit-sharing plans that they are known to have had in operation reveals the interesting fact that many of the plans were discontinued because the new order of things failed to appeal to the prospective beneficiaries, who preferred the certainty of ordinary increases in wages to the uncertainty of the potential profits at the end of the distribution period.¹ Demands on the part of the new partners for increased wages usually appeared unreasonable and unfair to the employer, who quickly decided to abandon the scheme. One student of this question has summarized the nature of profit-sharing in its bearing upon this conflict of opinion as follows:

It is obvious that if profit-sharing is based upon favor, the so-called divisions of profits are nothing more nor less than Christmas presents or other periodical gifts, and therefore cannot be considered as a serious economic factor.

If profit-sharing is predicated upon the mutual rights and obligations arising out of relation of employer and employee, or if it is based upon some equitable

¹ Bulletin 208, p. 166.

right or obligation flowing out of that relation, it is then permitted to ask at what point in that relation, or under what circumstances, does the right to demand an increased wage cease and the right to demand a share of profits begin?

Unless there is some method of general application by which that point may be established, it comes down to this, that the employer—and he alone—can say when, to what extent, and under what circumstances the employee shall be permitted to exercise his supposed right—an arrangement which not only makes the employer the umpire, but permits him to change the rules in the middle of the game.¹

One cannot help but feel that the illogical character of profit-sharing, as outlined briefly in this article as well as by the authors quoted, presents one of the reasons why genuine profit-sharing plays such a negligible rôle in the wage systems of advanced industrial countries. The effectiveness of any economic arrangement does not necessarily depend, of course, upon its power to appeal to logicians or jurists. Profit-sharing has failed to become of any consequence among the other wage systems for the simple reason that it has failed to appeal to the instinct of economic self-interest of capital and labor, and because its tendency to increase efficiency and profits, on the one hand, or appreciably to augment the earnings of the employees, on the other, has been very limited.

Earnest advocates of profit-sharing may take exception to these conclusions. They may state that the failure of profit-sharing to make any appreciable headway among other wage-payment systems is due to the fact that it is being operated under unfavorable conditions. President Eliot may rightly emphasize the point that the elements or "adjuncts" which he considers as essential to the success of profit-sharing, such as large distributions, welfare-work, pensions, sale of stock to employees at reduced rates, and "co-operative management,"² are seldom found in conjunction with the existing profit-sharing plans. This is substantially correct. The report of the Federal Bureau of Labor Statistics referred to above shows that almost three-fourths of the

¹ *Profit-Sharing by American Employers* (report issued by Welfare Department of the National Civic Federation), pp. 258-59, article by Francis X. Butler.

² "The Road to Industrial Peace," by Dr. Charles W. Eliot, *The Nation's Business*, August, 1917, p. 16.

plans distributed shares equivalent to less than 10 per cent of the ordinary earnings of the beneficiaries—that is, amounts not sufficiently large in the opinion of President Eliot¹ to affect the efficiency and develop a sense of partnership on the part of the employees. Although many of these establishments are known to be engaged in some sort of welfare-work, few of them are large enough and financially stable enough to instal, and maintain pension funds. Many of the profit-sharing firms are small and have no marketable stock to sell to their employees. And, as brought out in the preceding pages, very few profit-sharing employers manifest any great interest in what President Eliot terms co-operative management. The absence of some of the factors thought of as essential to the success of profit-sharing raises the question as to the reasons for this absence. And, as far as one may judge correctly from the opinions of numerous employers, the answer to this question is: Genuine profit-sharing—that is, profit-sharing not related directly to individual efficiency—does not pay.

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¹ *Ibid.*